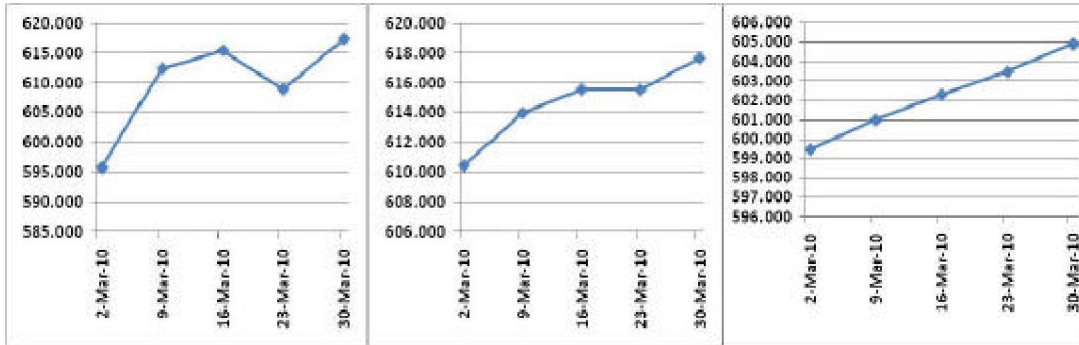




**Performance of Pak-Qatar Unit Fund as at 31st March 2010**



**Aggressive Fund**

**Balance Fund**

**Conservative Fund**

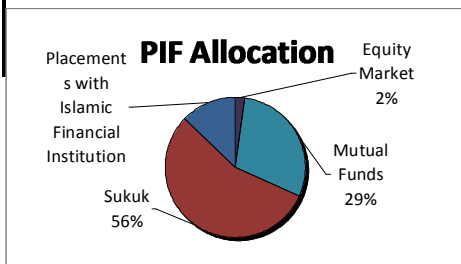
		PAK-QATAR UNIT FUND		
		Conservative	Balanced	Aggressive
Net Asset Value (NAV) at inception	09-Apr-08	500.00	500.00	500.00
Net Asset Value (NAV) at beginning of year	01-Jan-10	602.66	604.65	590.42
NAV as at	31-Mar-10	605.12	617.61	617.43
Return since beginning of year (annualized)		1.67%	8.79%	18.76%
Return since inception of the fund (annualized)		10.64%	11.91%	11.89%

Asset Allocation	Conservative	Balanced	Aggressive
Equity Market	0%	2%	9%
Mutual Funds	32%	28%	38%
Sukuk	68%	55%	53%
Placements with Islamic Financial Institution	0%	15%	0%
<b>Strategy</b>	Capital Preservation	Blend of Capital Preservation & Growth	Capital Growth

**Commentary**

**MONEY MARKET**

The returns for the year for the Conservative funds are deceptively low. Due to a sukuk's non-payment, returns were low in the Conservative fund. That sukuk was subsequently taken out of the fund and replaced with a government backed sukuk. From 10th February, the returns have been at an average of **11.23%**. Inflation has shown no sign of letting up neither has the SBP, with no change in discount rate which is at 12.5%. Although the macroeconomic indicators improved, but hike in power tariff as well as volatility of the oil prices posed significant risk to the purchasing power. The government has plans to launch a T-bill auction with a target of PKR 438 billion. On the forex front, rupee remained strong against the dollar and appreciated by 1.1% to close at Rs. 84.09 to a dollar in the interbank market. The forex reserves of the country are expected to further increase to over US\$ 15 billion with the release of IMF tranche.



**Equity Market**

The Capital market exhibited its bull run on the back of strong foreign inflows. Other players in the market namely NBFIs, Companies, Banks, Individuals and Mutual Funds were hesitant to enter the market because they considered it to be overpriced. Keeping in mind the recent stock market crash and the behavioral finance trait, the recency effect (which states that people recall more recent events more readily as compared to earlier events) it is no wonder that the local players have qualms about investing in the market. There has been a recent development that has worried the local players; it is the enhancement of leverage for trading. In the past this aspect has intensified speculation, and has caused the 2003 and 2008-9 bubble to form (and later explode, along with more than 800 billion rupees of small investors' hard earned money.). Our strategy is to take a long term position in securities that will show growth in the future, sell a proportion of it when the price has increased significantly and buy when undervalued. This is why increase in the Aggressive fund for the year is 18.76%.

**Past performance is not indicative of future performance. Market volatility can significantly affect short-term performance. The value of investment can fall as well as rise.**